



STATE OF DELAWARE


PUBLIC SERVICE COMMISSION
861 SILVER LAKE BLVD.
CANNON BUILDING, SUITE 100
DOVER, DELAWARE 19904

TELEPHONE:
FAX:

(302) 736-7500
(302) 739-4849

MEMORANDUM

TO: The Chairman and Members of the Commission

FROM: Lisa B. Driggins, Public Utilities Analyst 

DATE: May 31, 2017

SUBJECT: IN THE MATTER OF THE JOINT APPLICATION OF ARTESIAN WATER COMPANY, INC. AND CANTWELL WATER COMPANY OF ODESSA, INC. FOR THE APPROVAL PURSUANT TO DEL. C. §215 OF AN ASSET PURCHASE AGREEMENT.
(FILED MAY 9, 2017) - DOCKET- NO. 17-0297

Application:

On May 9, 2017, Artesian Water Company, Inc. ("Artesian") and Cantwell Water Company of Odessa, Inc. ("Cantwell") (together, the "Applicants") filed an application (the "Application") seeking approval by the Delaware Public Service Commission ("Commission") to participate in a transaction whereby Artesian will acquire from Cantwell certain water utility assets along with the rights to provide water service to all the Cantwell's existing customers.

Applicants:

Artesian Water Company, Inc.

Artesian is a wholly owned subsidiary of Artesian Resources Corporation. Artesian is a Delaware Corporation providing water service to customers pursuant to rates set on January 16, 2016, in PSC Docket No. 14-132, Order No. 8816. In addition, Artesian serves 82,963 metered, mostly residential customers across the state of Delaware.

Cantwell Water Company of Odessa, Inc.

Cantwell is a Delaware Corporation providing water service to customers pursuant to rates set on September 10, 2010, in PSC Docket No. 10-138, Order No. 7847. In addition, Cantwell serves 39 unmetered customers in the Cantwell Development, an area in or adjacent to the Town of Odessa, New Castle County, Delaware.

Transaction:

Pursuant to an Asset Purchase Agreement dated January 11, 2017, between Artesian and Cantwell, Artesian intends to obtain certain water utility assets and the rights to provide water service to the customers served by those assets from Cantwell. The assets to be transferred of Cantwell's water plant, property, equipment, transmission and distribution mains, hydrants, services, easements, and related appurtenances. Artesian will acquire 39 customers from Cantwell.

Public Interest:

The Applicants asserts that the public interest will be served and that the agreement is in accordance with the law and is for a proper purpose. According to the Applicants, there will be no change in the services offered to Cantwell's customers. In addition, after Artesian takes over Cantwell systems, Artesian will install a meter and at that point the customers will be subject to Artesian's rates and terms of service as approved by the Commission. Furthermore, landowners of record of each parcel included in the Proposed Service area were notified. Finally, the Transaction will be transparent to customers and will not disrupt service or cause customer confusion or inconvenience.

Staff's Recommendation:

Applications seeking an asset transfer approval come under the provisions of 26 *Del. C.* §215 because the companies are public utilities. In addition, the Applicants have represented that the transaction is in accordance with law, for a proper purpose, and is consistent with the public interest.